



**A STUDY ON DETERMINANTS OF HOUSEHOLD DEBT IN
MALAYSIA**

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JANUARY 2020

Declaration of Original Work



**BACHELOR OF BUSINESS ADMINISTRATION WITH
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‘DECLARATION OF ORIGINAL WORK’**

I, FATIN NURHAZIQA BINTI MAT ISA (2017690088)

Hereby, declare that:

- This work has not previously been accepted in substance for any degree, any locally or overseas, and is not being concurrently submitted for this degree or any other degrees.
- This project paper is the result of my independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: _____

(Fatin Nurhaziqah binti Mat Isa)

Date: _____

LETTER OF SUBMISSION

14/01/2020

Dr. Azhana binti Othman
Faculty of Business and Management
Universiti Teknologi MARA Melaka
Campus Bandaraya Melaka
Melaka.

Dear Dr Azhana,

Submission of Final Project Paper

Attached is the project paper titled “**A Study on The Determinants of Household Debt In Malaysia**” to fulfill the requirement as needed by the Faculty of Business and Management, Universiti Teknologi MARA.

Thank you.

Sincerely,

FATIN NURHAZIQA BINTI MAT ISA

2017690088

Bachelor of Business Administration (Hons) Finance

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ABSTRACT

Household debt in Malaysia has always being the popular issue as it keep raising and will give impact towards the stability of economic growth. This study is conducted to determine the relationship between independent variables and dependent variables which independent variables consist of Gross Domestic Product (GDP), Housing Price Index (HPI), Interest Rate (IR), Unemployment Rate (UR) and Inflation Rate (IFR). This study is using time series analysis which data collected from period of Quarter One 2000 until Quarter Four 2018 and covers for Malaysia only. The quarterly time series data were obtained from Thomson Reuters Data Stream, Bank Negara Malaysia and World Bank Data. In order to obtain the empirical result, Multiple Linear Regression model is applied to obtain the relationship between independent and dependent variables. By using Multiple Linear Regression model, the result concludes that Housing Price Index (HPI), Interest Rate (IR) and Unemployment Rate (UR) has statistically significant impact towards the level of household debt in Malaysia with positive correlation except for Interest Rate (IR) with negative relationship. However, Gross Domestic Product (GDP) and Inflation Rate (IFR) were found to have insignificant relationship between household debts with negative correlations. Based on the results obtained, recommendations are made for the significant of study to help them in improving the household debt level in the long run.

Keywords: *Household Debt, Gross Domestic Product, Housing Price Index, Interest Rate, Unemployment Rate, Inflation Rate*